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RUEAIIA/CIA WASHDC
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RHHJJAA/JICPAC HONOLULU HI
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000165

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SUBJECT: PRESIDENTIAL OFFICE SECRETARY-GENERAL YEH CHU-LAN
ON ELECTIONS, UN REFERENDUM, AND CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

¶1. (C) Summary: In a January 31 meeting with Presidential Office Secretary-General Yeh Chu-lan, the Director stressed that the U.S. continues to oppose the planned UN referendum and urges the Chen administration to refrain from taking any other steps that could increase cross-Straits tensions in the coming months. Yeh said Chen and presidential candidate Frank Hsieh understand the U.S. position clearly. She emphasized that they are equally committed to maintaining cross-Straits peace and stability. Yeh urged the U.S. to be less concerned, noting that the referendum would have no legal effect on Taiwan's international status if it were to pass. The Director and Yeh also discussed the presidential campaign, relations between Hsieh and Chen, and the January legislative election results. End Summary.

¶2. (C) In a January 31 meeting with Presidential Office Secretary-General Yeh Chu-lan, the Director stressed that the

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U.S. continues to oppose the planned UN referendum and urges the Chen administration to refrain from taking any other steps that could increase cross-Straits tensions in the coming months. The U.S. highly respects Taiwan's democracy, he emphasized, but remains concerned that steps taken by President Chen could undermine cross-Straits peace and stability.

¶3. (C) Yeh responded that Chen and presidential candidate Frank Hsieh understand the U.S. position clearly. She stressed that Taiwan's leaders hope to maintain cross-Straits peace and will not do anything to provoke China, adding that the U.S. should not to take the UN referendum "so seriously."

If the referendum passes it would have no legal effect on Taiwan's international status, Yeh argued, and it would be unlikely to lead to military conflict with Beijing. The referendum is a vehicle for conveying the desire of the Taiwan people to become members of the international community, nothing more, Yeh asserted. Not passing the referendum, she insisted, would be a greater "disaster" for Taiwan.

¶4. (C) Yeh told the Director that Frank Hsieh, concerned the initiative may not pass, has urged voters to participate in both the DPP and KMT-backed UN referenda on March 22. He

has also asked President Chen to approach the KMT to work out a compromise, though prospects for this currently appear dim.

The KMT, she explained, is divided internally over whether to boycott the referenda balloting or to openly support at least its own referendum. Yeh suggested that even if the KMT boycotts the balloting the referenda could pass because greater Taiwan participation in the international community has widespread support among voters. Although the 2004 defensive referenda were less popular, Yeh noted, still 46 percent of all eligible voters participated, falling just 4 percent short of the minimum threshold for a valid referendum.

15. (C) Yeh said that, as president, Hsieh would continue the moderate stance on cross-Straits relations he has staked out before and during the campaign. Yeh, who is close to Hsieh, emphasized that he is a "man of his word" and does not make promises he can't deliver. She noted that Hsieh has remained consistent in advocating for more liberal economic cross-Straits policies in the face of pressure and criticism from the deep Green wing of his party to take a more anti-China approach.

16. (C) Communications between Hsieh and Chen remain good, Yeh told the Director, noting that Chen has begun to adopt a low-key role in the presidential campaign. Chen is sincere about helping Hsieh win and understands that if Hsieh does not become the main actor in his campaign, he will lose the race. Yeh said Chen has learned from the negative example of former President Lee Teng-hui in 2000, who overshadowed KMT candidate Lien Chan throughout the campaign and cost Lien the presidency. In a one-on-one competition between Ma and Hsieh, Hsieh comes off as the much stronger leader and is a better strategist, Yeh asserted, so the race will be close.

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17. (C) Despite the DPP's poor performance in the legislative elections, Yeh said, the party's support base remains steady at around 40 percent. Hsieh will focus on winning slightly more than half of the roughly 20 percent of voters considered "undecided" in order to break the 50 percent barrier. His more moderate and consistent position on cross-Straits relations, as well as his better track record in Kaohsiung and on crisis management, will help him appeal to those voters, Yeh added.

18. (C) Turning to an assessment of the DPP defeat in the January legislative elections, Yeh told the Director the new electoral system put the DPP at a disadvantage and exaggerated the party's losses. Nevertheless, the primary factor behind the loss was the low voter turnout and poor DPP mobilization of supporters in comparison to the KMT. Yeh suggested that many DPP supporters were dissatisfied by President Chen's performance, especially the series of corruption scandals that has enveloped some of his family members and senior advisors since 2005, and simply did not turn out to vote. Additionally, the revamping of the party's primary system last year created many problems and did not produce the best candidates with broad appeal, giving voters in many districts an added reason to stay away from the polls.

19. (C) Yeh suggested that the KMT three-quarters legislative majority has fueled concerns about an over-concentration of power and a return to one-party rule. The magnitude of the KMT victory, ironically, has had a stronger effect in consolidating and energizing the DPP base than if the DPP had managed to eke out a respectable showing. With the deep Green base concerned that Ma might win the presidency, Hsieh has more room to maneuver and stake out a centrist path on more sensitive issues without fear of being undermined by the independence fundamentalists. Light Green voters who sat out the legislative elections are also concerned about KMT dominance of the political system and more likely to vote in the presidential race.

¶10. (C) Presidential campaigning will continue throughout the Chinese New Year, with only a brief break on New Year's eve and day, February 6-7, Yeh added. The Hsieh team is planning to use important anniversaries to boost support for Hsieh and the DPP. Activities for the February 28 anniversary are still being worked out. One proposal is to launch a youth march across Taiwan on February 28 that would travel from the northern to the southern tip of the island.

Comment

¶11. (C) Yeh is close to Frank Hsieh and is seen by many as the candidate's eyes and ears in the presidential office since she took up this position last summer. She clearly isn't about to concede defeat for her party in the presidential election, though she is realistic about the challenges Hsieh faces. Should he win, she is rumored to be a leading candidate to assume the post of premier.
YOUNG